

City of Gulfport General Employees' Pension Fund
Minutes: Meeting of October 17, 2019

1. CALL TO ORDER

Blake Boyer called a meeting of the Board of Trustees for the Gulfport General Employees' Pension Fund to order at 1:03 PM.

2. ROLL CALL

Those persons present included:

TRUSTEES

Blake Boyer, Chair
Carmen Soto Torres, Secretary
Larry Cooper
Marjory Milford
Dwayne Stefanski

OTHERS

Scott Baur, Resource Centers (Administrator)
Dale Everhart, Resource Centers (Administrator)
Scott Christiansen, Christiansen & Dehner (Attorney)
Jennifer Gainfort, AndCo Consulting (Consultant)

3. PUBLIC COMMENT

No public comment

4. Board Seat Update

Carmen Soto Torres and Larry Cooper were nominated to continue in the seats they held on the Board. There being no other nominations, both Carmen Soto Torres and Larry Cooper will serve new 3-year terms which began October 1, 2019.

5. APPROVAL MINUTES

The Trustees reviewed the Minutes from the Quarterly Meeting of July 18, 2019.

Marjory Milford made a motion to approve the July 18, 2019 minutes as amended. Larry Cooper seconded the motion, approved by the Trustees 5-0.

4. REPORTS

a. Investment Consultant (Jennifer Gainfort, AndCo Consulting)

Jennifer Gainfort distributed a history of the S&P 500 Total Return Index from 10/9/07 – 9/30/2019. The materials displayed the drawdowns in the index of more than 5% over the period of time. The drawdown beginning on 10/9/07 lasted for 1.41 years, with the recovery back to the 10/9/07 level taking 3.1 years. The last high in the Index was 7/26/19. The key takeaway from the data was to stay committed to the long term plan, and do not try to market time. Total annualized return in the index over the period studied was 7.78%.

The 3rd quarter of this year was both eventful and volatile. US Large Cap equity and fixed income indices continued their year to date increases, while US Small Cap and international indices lost ground. US markets experienced signs of a slowing US economy, additional tariffs involving China, and political

uncertainty due to an impeachment inquiry. Positive developments included monetary easing, consumer spending, a tight labor market, and rising wage growth. The S&P 500 was up 1.7%, while the Russell 200 decreased(-2.4%). International markets were negative, with developed markets outperforming emerging markets. Fixed income outperformed equities for the quarter and trailing year, up 2.3% and 10.3% respectively. Lastly, value stocks outperformed growth stocks for the quarter, as investors moved to the relative safety of value over growth.

The market value of the Fund was \$16,769,630. Actual assets were within target allocation ranges, with no rebalancing needed. Income and appreciation for the fiscal year totaled \$627,717. Total fund gross return for the quarter was 0.66% vs the total fund gross policy of 1/48%. The last 4 year moving return average exceeded the actuarial return assumption of 7.25%.

Ms. Gainfort then discussed the Investment Policy Statement, and amendments adjusting benchmark indices for fixed income and real estate investment trusts. Further, the statement referencing the actuarial earnings assumption was revised to delete the actual number(7.25%), and only reference the term "actuarial earnings assumption" to prevent the need to revise the Investment Policy Statement if the actual number is revised.

Dwayne Stefanski made a motion to approve the proposed Investment Policy Statement, as amended to delete the actual 7.25% earnings assumption language. Larry Cooper seconded the motion, approved by the trustees 5-0.

b. Attorney Report (Scott Christiansen, Christiansen & Dehner)

Mr. Christiansen presented the proposed 2020 Meeting Schedule

Larry Cooper made a motion to approve the proposed Meeting Schedule for 2020. Marjory Milford seconded the motion, approved by the trustees 5-0.

The meeting dates for 2020 are as follows:

January 16, 2020
April 16, 2020
July 16, 2020
October 15, 2020.

Mr. Christiansen described updates to the Summary Plan Description, dated October 1, 2019.

Dwayne Stefanski made a motion to approve the Summary Plan Description, as presented. Blake Boyer seconded the motion, approved by the trustees 5-0..

Mr. Christiansen discussed a document provided to the trustees dealing with cyber liability insurance, warning of the potential risks of cyber attacks. He indicated the largest area of exposure to be with the plan administrator, the actuary, and the custodian. A question also arose as to the possible cyber liability coverage by the City of Gulfport of the pension plan.

c. Administrator(Scott Baur & Dale Everhart, Resource Centers).

Mr. Baur discussed the recently issued Standards and Organization Controls(SOC 1) Audit Report. The issuers of the report are external auditors, reviewing the internal controls and procedures at Resource Centers. The procedures are also tested. The auditors noted no exceptions or findings.

Mr. Baur discussed in detail the types of cyber intrusion, and the extent to which Resource Centers mitigates against that risk. Primary areas of concern are network attacks, and website directed attacks. Resource Centers, in addition to internally preparing for attacks, has done outside intrusion testing. As to insurance policies carried by Resource Centers, there are currently 3 different insurance policies totaling \$3 million, with additional coverage options under review.

Mr. Christiansen stated that we need to follow-up with the Plan's actuary and custodian to determine their level of cyber insurance. He also indicated that the City of Gulfport should be queried as to the extent to which any policies they have may insure the pension plan.

Mr. Baur indicated that the Plan's actuarial valuation will be presented at the January, 2020 meeting.

5. PLAN FINANCIALS

a. Disbursements: Warrant Dated October 17, 2019

The Board reviewed the Warrant for payment of expenses dated October 17, 2019.

Dwayne Stefanski made a motion to approve the Warrant dated October 17, 2019. Larry Cooper seconded the motion, approved by the Trustees 5-0.

b. Benefit Approvals

Larry Cooper made a motion to approve the presented benefit applications. Dwayne Stefanski seconded the motion, which was approved by the Board 5-0.

6. OTHER BUSINESS

There was no further business discussed.

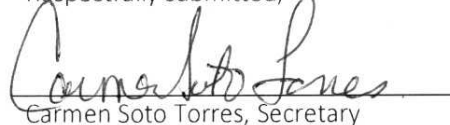
7. NEXT REGULAR MEETING

The Trustees previously set the schedule for the next regular quarterly meeting for Thursday, January 16, 2020 at 1:00 pm.

8. ADJOURNMENT

Larry Cooper made a motion to adjourn the Meeting. Dwayne Stefanski seconded the motion, which was approved by the Board 5-0. The meeting adjourned at 2:16 PM.

Respectfully submitted,


Carmen Soto Torres, Secretary